

AFFORDABLE HOUSING ADVISORY BOARD
GROWTH MANAGEMENT/HOUSING TASK FORCE

The Task Force's First Meeting

Wednesday, 16 August 2006, 1 – 5 p.m.
North Classroom, Master Builder Association Offices
335 116th Ave. SE, Bellevue

SUMMARY

OF THE MEETING'S DISCUSSIONS, DECISIONS AND AGREEMENTS

***IN ATTENDANCE:** Hugh Spitzer, chairman; Sam Anderson, Heather Ballash, Leonard Bauer, Mary-Alyce Burleigh, Stephen Buxbaum, Andy Cook, Kaleen Cottingham, Mary Hunt, Jayni Kamin, Sam Pace, Paul Purcell, Brian Smith, Judith Stoloff, Bryan Wahl, Dave Williams and Jim Reid, facilitator*

***ABSENT:** Kim Herman and Tom Moak*

This document summarizes the key discussions, decisions and agreements of the first meeting of the Affordable Housing Advisory Board's Growth Management Act (GMA)/Affordable Housing Task Force. The members reached agreement on the structure of their decision-making. They identified problems and challenges in creating affordable housing, but were not asked and did not attempt to reach agreement on the problem statements. The problem statements listed below reflect brainstorming. They may or may not be supported by a majority of Task Force members. Some statements may be perceptions rather than facts. A goal of the Task Force's information gathering between its first and second meetings is to provide the Task Force with data and information that documents problems and challenges so that the members can determine which problems to address and work to reach agreement on solutions to them.

TASK FORCE AGREES ON WORK PLAN, GROUND RULES AND FOCUS OF ITS WORK

Task Force members agreed on a work plan and ground rules to guide their decision-making. The members agreed to include in the ground rules one that guides how and when information will be provided to them. Facilitator Jim Reid committed to drafting and submitting it to them. *(The ground rules are attached to this document; the additional one that addresses how and when information will be provided to the Task Force is #17 and written in italics.)*

They also agreed that their focus is to develop recommendations that facilitate the provision of housing for all households in Washington State at prices that are affordable to them at their income levels.

Task Force Chairman Hugh Spitzer was asked to determine whether or not a representative of low-income people should be seated on the Task Force. He and the staff will review the Task

Force's membership, make that determination and possibly extend an invitation to a representative of low-income people.

PROBLEMS AND CHALLENGES RELATED TO INFRASTRUCTURE COSTS

In establishing the Task Force, Governor Gregoire suggested that it address four issues. The first issue mentioned in her 18 July 2006 letter to Task Force chairman Hugh Spitzer was "the allocation of infrastructure costs for new housing, including the share of costs imbedded in the price of new housing units versus the share paid by the community-at-large. The consideration of infrastructure costs should also include discussion of impact fees and concurrency."

These are problems and challenges that Task Force members identified during their discussion of the impact of infrastructure costs on the affordability of housing. No attempt was made to get the members to reach consensus on these problem statements; they constitute various ideas articulated by individuals on the Task Force that may or may not be supported by the majority of the group.

1. Reductions in government spending, particularly federal spending, during the past twenty years on infrastructure, such as highways, roads, bridges and water and sewer systems, have shifted the burden of paying for new growth from the community-at-large to the developers and buyers of new housing. Shifting the burden back would require new taxes.
2. The gap between the costs of needed infrastructure and the funding available to pay for it is substantial and widening. One cause appears to be that local governments have too few choices in securing adequate funding.
3. Funding sources, such as Local Improvement Districts (LID), appear to be underutilized or not available. There does not appear to be sufficient prioritization of how the resources are used, particularly in terms of creating new, additional infrastructure capacity as distinguished from funding maintenance and operations of existing infrastructure.
4. Siting and developing new infrastructure, including permitting, is costly in terms of both money and time.
5. Impact fees have been used to ensure that "growth pays for growth." Problems and challenges of impact fees include: a) a small percent of people pay for the increasing costs of new growth; b) some impact fees, such as GMA-related fees, appear to not be proportional to the costs imposed, while others, such as SEPA-related impact fees, are proportional; c) in some cases they transfer funding from one government to another; d) they appear to be used more by jurisdictions that do not have as much new construction and are not issuing as many building permits; and e) in some jurisdictions they appear to be the "path of least resistance" to funding new infrastructure.
6. Funding for new infrastructure is effectively reduced when jurisdictions provide projects with a property tax exemption, such as for certain low income housing developments.
7. Planning for infrastructure presents these problems and challenges: a) the Growth Management Act requires that communities develop twenty-year growth plans but their Capital Improvement Plans (CIP) are not for the same duration; b) the twenty-year planning

horizon may not be long enough; c) the CIP and Transportation Improvement Plans (TIP) do not appear to be used as effectively as they could be to implement Comprehensive Plans; d) planning is costly and some communities, particularly smaller, rural ones such as Mason County, cannot afford to plan in as much detail as other communities; e) State funding of local jurisdictions' GMA planning has been significantly reduced (since the GMA was adopted in 1990 funding has been reduced from \$16 million to \$5 million per biennium); f) while countywide planning policies and multi-county policies ensure a level of coordination between a county and its cities and between counties, each jurisdiction makes individual, separate decisions regarding financing, siting and building infrastructure; and g) the requirements of the GMA, State Environmental Policy Act (SEPA) and the Shorelines Management Act (SMA) do not appear to be seamless so achieving their standards may be more expensive than necessary.

Renton was cited as doing a good job because the City Council's vision, goals and priorities are directing funding decisions and specific actions.

8. "Concurrency" requirements, particularly in Central Puget Sound and Clark County but in other parts of the State, too: a) may be directing growth from one area to another, which may be shifting growth from where it would be preferable; b) may constitute State interference in local decision-making; and c) may not be sufficiently linked to the priorities of the GMA. In addition, how "concurrency" is calculated varies among jurisdictions, but that illustrates the "bottom-up" approach to some provisions of the GMA. Finally, it was noted that "concurrency" is intended to be a tool to provide citizens with "truth in planning" and full disclosure of the costs and impacts of new development.
9. Retrofitting or increasing the capacity of infrastructure for "in fill" development is costly and under funded.
10. Public attitudes toward paying for new growth may be inconsistent or unpredictable. A community willing to tax itself to construct new schools may be unwilling to pay for new sewers or roads. In addition, voters in communities where agriculture is the economy's base have been unwilling to raise taxes because agriculture is struggling. And finally, initiatives and referendums that have been recently passed by voters have nullified the decisions of elected officials that were intended to increase funding for infrastructure.

Task Force members suggested that the following information would be helpful to them in crafting recommendations that address these ten problems and challenges:

- Data to illustrate the widening gap between the cost of needed infrastructure and the amount of funding that is available. (*CTED Public Works Study; CTED will provide.*)
- Data regarding sources of infrastructure funding for local governments and oversubscription. (*Can AWC provide?*)
- The Realtors' Infrastructure Study. (*Realtors*)
- Data on what jurisdictions impose impact fees and how much they charge. (*AWC*)
- Washington Resource Council policy papers. (*Realtors*)
- Information on where concurrency requirements have stopped growth and development. (*AWC or Realtors or BIAW?*)
- Information from the Buildable Lands Report on where we are having success in achieving densities and where we are not. (*CTED Buildable Lands Report; CTED will provide.*)

- Whether or not it would be possible (and legal) to direct funding to or provide incentives for funding projects in “core” areas where we want growth rather than in “outer” areas where it is not preferred. (*CTED or AAG?*)
- Data that substantiates the assertion that impact fees are regressive. (*BIAW?*)

PROBLEMS AND CHALLENGES RELATED TO ZONING AND BUILDING REQUIREMENTS

Another issue the Governor urged the Task Force to address was “mechanisms to make zoning and building requirements more efficient and flexible while preserving the full range of safety and environmental protections.”

Listed below are problems and challenges that Task Force members identified. Because no effort was made to get the members to agree on these statements, they do not necessarily reflect the sentiments of all members.

1. The attitudes of citizens. In some communities citizens are resisting densification. In some communities elected officials do not have sufficient political capital to tackle the challenges related to creating affordable housing. How do we educate and change attitudes? How do we create more diverse housing stock to accommodate the interests and needs of people such as the elderly and young couples?
2. Builders are interested in flexibility and certainty. Each jurisdiction has its own standards and procedures. For builders who work in more than one community, this situation can be time- consuming and expensive. Greater consistency between jurisdictions would make it easier for builders, as might a design review process with clear goals and requirements.

Task Force members recognized that communities have different cultures and work to retain their unique identities, so a great challenge is balancing the interest in regional consistency in zoning and building standards and requirements with the interest in preserving the unique character of communities. Snohomish County, for example, is finding it challenging to convince its cities to adopt uniform standards because of the cities’ desire to preserve their unique identities. Another example is Douglas County. The County and its cities conduct joint planning but have not adopted identical standards and regulations because of a fear that they would become a “cookie cutter” approach that would wipe out the uniqueness of each community.

3. Bureaucratic roadblocks. “Rolling regulatory schemes” or changing the rules during the middle of construction complicate and/or delay construction and help escalate the price of housing. And in some cases the requirements seem questionable. For example, in one development a city required that fifty percent of the units be convertible for use by disabled people when the regulations required that only two of the units be “accessible.”
4. Challenges to zoning and/or building decisions. Consolidating the processes for challenging decisions may save time and money. Citizens oppose the impacts of growth that are not addressed, such as traffic and parking. Therefore, addressing infrastructure needs and standards is imperative.

5. Funding provided by the State to local communities does not appear to be linked to the achievement of GMA goals and is not used as an incentive to get communities to take their fair share of growth or expand the supply of affordable housing.
6. There may not be enough incentives to achieve infill development, particularly in small towns and cities.
7. When communities do not achieve a balance between job and housing growth, affordable housing becomes more difficult to provide.
8. Some communities' use of "generalized" zoning has resulted in land zoned "industrial" being developed for uses that either do not provide employment opportunities or offer lower wages jobs. These communities have witnessed a reduction in the availability of housing that is affordable to their citizens.
9. To some the high cost of land has undermined public policy goals for placing manufactured housing in neighborhoods. To others community resistance to mobile homes has contributed to the decline in the number of mobile home parks. And to others the decline of mobile home parks stems from developers purchasing them for redevelopment.

Task Force members suggested that the following information would be helpful to them in developing recommendations that address these eight problems and challenges:

- The Housing Partnership's "punch list" of solutions from Mike Luis. (*The Housing Partnership via CTED*)
- Tools that cities or counties are using to help build political capital and expand the diversity of their housing stock. (*AWC and/or WSAC?*)
- Examples of design review processes in Europe and Vancouver, British Columbia. How do they work? What are their strengths and weaknesses? What elements might be applicable here? (*CTED? AWC? Realtors?*)
- Examples of: a) cities and counties with efficient and streamlined zoning and permitting processes; and b) intergovernmental coordination that has resulted in regional standards or more uniform standards. Have they helped make housing more affordable? (*AWC and/or WSAC?*)
- Performance-based and form-based zoning: What are they? How do they work? Where have they been used? What are the impacts on the cost of housing? (*Realtors*)

PROBLEMS AND CHALLENGES RELATED TO ACHIEVING GMA HOUSING GOALS AND ACCOMMODATING POPULATION GROWTH

Two more issues Governor Gregoire requested that the Task Force address were: 1) "Mechanisms for encouraging communities to meet their GMA housing goals, including those communities' commitments to density. This discussion could include ways in which the State might focus public works resources on those communities that are working effectively to meet those housing goals;" and 2) "Ideas on how communities might be able to ensure that there is sufficient capacity to accommodate projected population growth when necessary requirements reduce the supply."

During the last hour of the Task Force's meeting the members identified and discussed problems and challenges related to the two issues. It was first noted that the communities of Central Puget Sound look far different today than they did before passage of the Growth Management Act in 1990 and 1991. Progress has been made in accommodating population growth by increasing densities in urban areas.

Problems and challenges that individual Task Force identified, but which are not necessarily supported by all the members, include:

1. A recent decision of the Central Puget Sound Growth Management Hearings Board gave some people the impression that affordable housing goals may be less important than other goals of the Act. That housing goals appear to many to be aspirations, whereas environmental goals have specific statutory mandates. It may require "beefing up" the goals through more specific guidance and more creative incentives.
2. There appears to be an imbalance between the supply of and demand for housing. Environmental and other types of regulations reduce land available for development. To help balance supply and demand, adoption of a "no net loss" policy might help minimize the frequency with which an inadequate supply of legally zoned, serviced and entitled buildable land is further reduced.
3. There is not enough being done to site jobs and housing in close proximity, resulting in more people driving longer distances between home and work. Also, it is unclear whether the jobs that are in close proximity to housing provide sufficient earnings to make the housing affordable.
4. The methods used by the State's Office of Financial Management (OFM) to forecast population growth and the adequacy of land for development may not be sufficiently tied to the marketplace; they may not adequately account for regulations and other factors that make some lands unbuildable. To some people OFM's forecasting does not seem as accurate as that conducted by local entities such as the Puget Sound Regional Council.
5. In some cases the effort to expand the supply of affordable housing may be too focused on single-family dwellings. We need to ensure that all types and sizes of housing are addressed.
6. We lack performance standards or measurements and requirements that jurisdictions demonstrate that they are accommodating growth and achieving affordable housing goals.
7. In expanding the supply of housing, strategies need to be developed that result in more affordable housing instead of just more high-priced homes.

Task Force members suggested that the following information would be helpful to them in developing recommendations that address these problems and challenges:

- The Growth Hearings Boards' decisions regarding Thurston County's Urban Growth Area (UGA) and Kent's Critical Areas Ordinance (CAO). (*CTED*)
- Studies that could help indicate whether designating an Urban Growth Area boundary and the size of that boundary have an impact on the cost of housing. Compare counties within our state and compare other states with and without growth management acts or designated UGAs to Washington State. Statistics on housing prices in counties around the state. Are

there differences among the counties that plan under GMA from those that do not? If so, what are the causes of those differences? *(PSRC via CTED)*

- Studies that indicate the availability of affordable housing in “walkable” neighborhoods. *(?)*
- Data on the percentage of King County workers who live outside the County and why they do. Related to this, studies that shed light on if people really desire to live near where they work or if they are content with longer commutes. *(PSRC via CTED)*
- Statistics on housing prices in counties around the state. Are there differences among the counties which plan under GMA and those that do not? If so, what are the causes of those differences?
- Information since 1997 about the Buildable Lands Program. Who is required to participate in it? Who is not? Is State funding available to assist local jurisdictions? Has it increased or declined? What are the estimated costs of the program? *(CTED)*
- Information about the Cascade Agenda and the concept of rural villages. *(CTED?)*

TASK FORCE’S MEETING SCHEDULE TO BE DETERMINED

The dates for the Task Force’s remaining meetings have not yet been determined, although the work plan hints at when they will be held. Hugh Spitzer, Jim Reid and Heather Ballash will work with the Task Force members to select dates for all future meetings. We will do this as soon as possible to ensure that everyone can attend the remaining sessions.